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RR RUEHWEB

DE RUEHGB #3158/01 3420955
ZNR UUUUU ZZH
R 080955Z DEC 09
FM AMEMBASSY BAGHDAD
TO IRAQ COLLECTIVE

UNCLAS SECTION 01 OF 03 BAGHDAD 003158

SIPDIS

E.O. 12958: N/A
TAGS: [EAIR](#) [ECON](#) [IZ](#)
SUBJECT: RRT ERBIL: RAPID GROWTH IN KURDISTAN REGION,S AIR
LINKS

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1. (U) This is an RRT Erbil cable.

2. (SBU) Summary: The growth of two international airports in the Kurdistan Region (KR) -- Erbil International Airport (EIA) and Sulaimaniyah International Airport (SIA) -- has significantly increased air travel options for consumers and paved the way for broader linkages in the region and beyond. In contrast to Erbil and Sulaimaniyah, Dohuk Province has no commercial airport; the one facility capable of being easily developed for commercial use is occupied by the Turkish Army. The new 16-gate terminal at EIA, which has an annual gate capacity of approximately three million passengers but entry and check-in capacity of only approximately one million passengers, is tentatively scheduled to begin operation in early March 2010. EIA's 80 weekly flights serve seven western European cities and six major cities in the region. SIA, with a smaller capacity, serves only three cities in Europe and six regional cities with less frequency. Currently three International Air Transport Association (IATA) member airlines serve EIA, but only one serves SIA. A USD50 commission per person per flight all non-Iraqi airlines must pay to Iraqi Airlines has been an unwelcome tax to consumers. End Summary.

Erbil and Its New Airport

3. (SBU) RRTOff met with KRG consultant Stafford Clarry (an Amcit who is a long-time resident in the KR) October 15 to tour Erbil's new state-of-the-art airport; Clarry provided a progress update on December 1. The KRG has given Clarry a mission to use the new Erbil airport as a major component of a KR outreach marketing plan. He said the tentative plan is for a March 3, 2010 opening; the KRG does not want to run past Nowruz, the Kurdish New Year celebrations on March 21. Clarry said that although increased economic activity in the KR has created demand for moderately increasing air travel, the larger vision for EIA is for Erbil to become a regional hub, much like Singapore and Incheon are for southeast and east Asia, respectively. For this reason the KRG called in a Korean management consulting team from the company that manages Incheon International Airport, signing a five-year agreement approximately one year ago. There is currently a team of 25 Koreans working at EIA in all areas of airport operations and management, heavier on the technical side at present but flexible enough to modify support as the new terminal begins to service flights.

4. (SBU) Clarry said that the only remaining task on the physical plant side was installation of the security cameras. He said that the baggage screening equipment was recently put in place, all construction was complete, and training for personnel was ongoing. He said that the KRG is still in the process of completing final international approval. According to Clarry, thirty days after submission, likely in early January, certification will become effective. He said that at present there is no hurry to open the new airport as

there is not an imminent demand for larger aircraft or larger volume than the existing terminal can handle. The KRG,s initial target for the new airport was to be able to accommodate 2.5 to four million passengers annually. However, entry/check-in capacity for departing travelers is only estimated at one million passengers annually, although the rest of the terminal could accommodate three million. Currently there are only two baggage claim carousels, but should expansion become necessary in the future, there are thoughts of constructing an entirely separate arrivals building, enabling the departures area to expand. The aerodrome, which features one of the longest runways in the Qaerodrome, which features one of the longest runways in the world at 4,800 meters, is estimated to be able to handle up to ten million passengers annually.

¶5. (SBU) The new terminal features two VVIP lounges in a separate building that have self-contained immigration processing, ticketing, and security procedures. There is also a separate entrance to the main terminal for Commercially Important Persons (CIPs) that provides expedited ticketing services and access directly to the business class lounge for all first and business class ticket holders. The terminal,s 16 gates are split into two wings by the central departure atrium.

¶6. (SBU) From its opening on July 7, 2005, EIA has steadily expanded its flight options for consumers. EIA currently services approximately 80 passenger flights and dozens of cargo flights per week. Some routes have arisen from the Kurdish diaspora,s demand for travel between Kurdistan and Europe, others due to the growth in trade between Kurdistan and the region. To date the growth has been almost exclusively westward toward Europe and the Mediterranean and south to the Arabian Gulf. EIA boasts connections to seven western European cities, including Dusseldorf, Gothenburg (Sweden), London, Malmo (Sweden), Oslo, Stockholm, and

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Vienna, and six cities in the region, including Amman, Manama (Bahrain), Beirut, Damascus, Dubai, and Istanbul. Flights to two additional cities, Athens and Larnaca (Cyprus) have tentative approval for charter flight service but have not yet begun flying. A seventh city in the region, and the only city to the east that is served by the airport, is Tehran, connected by a single flight each week operated by Iraqi Airways. According to Clarry and KRG Minister of Interior Karim Sinjari, KRG and EIA authorities have held discussions with Air France and Lufthansa and are hopeful that Erbil will be connected to Paris and Frankfurt soon. An agreement with these two airlines will boost the number of International Air Transport Association (IATA) member airlines to five; Austrian Airlines (OS), Gulf Air (GF) and Royal Jordanian (RJ) are the other three. There are 13 flights each week to Western Europe, including four each to Stockholm and Vienna, and 24 flights each week in the region, including daily to Amman, three to Manama, five to Beirut, and four to Istanbul.

The domestic flight map only features four Iraqi cities, one of which is Sulaimaniyah. There is only a single flight each week to each of the following Iraqi cities: Baghdad, Basra, and Najaf. Clarry said that discussions are also in progress with Emirates Airlines to increase service to Dubai. He mentioned that if it should ever become necessary, the new airport could accommodate the jumbo A380 aircraft.

Sulaimaniyah International Airport (SIA)

¶7. (SBU) On November 4, RRTOff met with SIA acting director Abdul Khaliq Mohamed Abdul Raheem, to discuss growth in SIA's air traffic. The airstrip was built in the 1970's as an air base and used heavily by the Iraqi military in the 1980's during the war with Iran. However, almost no fixed-wing aircraft landed on the runway for nearly 14 years until construction for a proper airport was begun in December 2003, and the airport was opened for passenger air traffic in July

¶2005. SIA now supports nearly 60 passenger flights per week.

At present there is no separate air service for cargo flights, but a Sharjah-based air cargo company is preparing to start flights in 2010. Abdul Raheem said that the long-term vision for SIA is to expand routes to the east (but not to Iran), including China and other East Asian nations. When asked about service to Iran, he said that there was simply no demand for air service to Iranian cities. He said that people traveling to Iran have more time than money and would much rather pay USD30 to take the daily 12-hour bus trip to Tehran than pay for a flight that would cost several times that amount. Most business-related travel is to Beirut, Dubai and Istanbul. Despite significant Iranian exports to the KR and Iraq, there is surprisingly little business air travel.

¶8. (SBU) Abdul Raheem described a de facto tax to travelers in the Iraqi market: a USD50 per person, per flight commission that all non-Iraqi airlines operating in Iraq must pay to Iraqi Airlines as the national carrier. He said that at the end of 2008, there were attempts to begin to address this fee that is passed along to the traveler, but there has not been significant movement on the issue. He expressed hope that this system would be changed. SIA's flight schedule is more domestically and regionally focused, boasting only four flights to Europe weekly (two to Stockholm, which continue on to London, and one each to Munich and Dusseldorf). Regional international flights include five to Amman weekly, three to Istanbul, two each to Beirut and Dubai, and one each to Cairo and Damascus. Like QBeirut and Dubai, and one each to Cairo and Damascus. Like EIA there is only one flight weekly each to Basra and Najaf, but SIA serves Baghdad daily. Finally, two flights each week link EIA and SIA. Royal Jordanian is the only IATA airline that serves SIA to date, although Abdul Raheem said that discussions are progressing with Gulf Air to initiate service to Bahrain sometime in 2010.

Dohuk Province

¶9. (SBU) In sharp contrast to the other two provinces of the KR, Dohuk has no operational commercial airport. Bamerni airfield, to the northeast of Dohuk City near the Turkish border, could potentially be developed into a commercial facility, but is currently occupied by units of the Turkish Army that are a legacy of earlier Turkish incursions against the PKK. Dohuk Governor Tamar Ramadan has described plans to build a completely new facility southeast of Dohuk near the Mosul Dam. Governor Tamar believes an airport is a key factor in developing tourism in the area. The province is conducting a feasibility study for the proposed new airport.

Comment:

¶10. (U) Although KRG visions may appear overly optimistic,

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the increase in the number of flights to and from the KR in just over four years is striking. As members of the Kurdish diaspora continue to travel back more frequently, as the growing economy in the KR provides increasing opportunities to people to enter the middle class, and as Erbil is increasingly seen as a "safe option" within Iraq to host national and international gatherings, further steady growth seems likely. EIA will try to market itself as a geographically central air hub for the region, but it faces stiff competition.

HILL